



For the Proprietor of
HONGKONG TELEGRAPH
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The Hongkong Telegraph

Today's Weather: Moderate southeast winds. Cloudy.
Noon Observations: Barometric pressure, 1014.0 mbs.,
29.94 in. Temperature, 59.0 deg. F. Dew point, 57 deg. F. Re-
lative humidity, 93%. Wind direction, E. Wind force, 3 knots.
Low water: 1 ft. 9 in. at 8.50 p.m. High water: 4 ft. at
3.40 a.m. (Saturday).

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VOL. V NO. 58

FRIDAY, MARCH 10, 1950.

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Government Wins Vote "Mercy" Of Confidence

Killing Verdict

Doctor Acquitted

Manchester, New Hamp-
shire, Mar. 9.—Dr. Her-
mann Sander was acquitted
here tonight after trial for
the "mercy killing" of a
woman cancer patient.

Dr. Sander, a 41-year-old
country doctor, was found not
guilty of first degree murder
by an all-male jury. The two-
week trial had centered on
whether Dr. Sander pumped
into the veins of 59-year-old
Mrs. Abbie Borrolo caused her
death or whether she was
already dead from the cancer
suffering with which she was
stricken.

The prosecution had de-
manded his conviction for
"taking the law into his own
hands" in the death of the
cancer-ridden patient.

The jury retired tonight
after hearing the Judge say it
would be "unusual indeed" if
they recommended capital pun-
ishment.

Mr. Louis Wyman, Counsel
for Dr. Sander, had earlier
claimed that Mrs. Borrolo died
of her illness. The Prosecutor,
in his closing address, did not
press for the death penalty.

The defense lawyer appeared
on the verge of tears as he
asked the jury to send Dr.
Sander back to his family and
community. "The soul had left
the body of Mrs. Borrolo be-
fore his 'irrational act' in
injecting air into her veins," he
cried.

The jury, composed of nine
Catholics and three Protestants,
took less than 75 minutes to
reach their verdict.—Reuter.

RIOT DRILL

Several Police vans containing
steel-helmeted and armed Police
men proceeded along the Up-
per Levels this morning on
their way to riot drill. It was
learned that the trucks were
examined with policemen, many
of whom carried rattan shields
and in this (long wooden
batons).

Warning To Aircraft

The following revised
official announcement of
warning to aircraft flying
over Hongkong territory
was issued by the Public
Relations Office this morn-
ing.

In view of recent air
incursions over the terri-
tory of Hongkong, the
Government of Hongkong
on instructions of H.M.
Government in the United
Kingdom feel obliged to
make clear that any un-
authorised aircraft flying
over the territory of Hong-
kong, including the terri-
torial waters, are liable to
be fired on. Aircraft fail-
ing on request to identify
themselves satisfactorily
will be presumed to be
unauthorised.

No Further Directing Of Labour

London, Mar. 9.—The British
Government today revoked the
Control of Engagement Order—
the law which for over two
years gave it power to direct
workers into essential jobs.

Labour direction was intro-
duced in October, 1947, to en-
sure that every Briton was
doing work of national im-
portance, according to his ability.

It affected all men between 18
and 50 and all women between
18 and 40 with some exceptions.

The Labour Minister, Mr.
George Isaacs, who announced
the end of the Order in the
House of Commons today, said
that not a single direction had
been given in the past six
months and the distribution of
manpower in Britain now was
such that the Order could be
safely withdrawn.—Reuter.

MAJORITY OF FOURTEEN

Liberals Join With Opposition

London, Mar. 9.—The Government won the
confidence vote on steel nationalisation in the
House of Commons tonight.

The figures were Government 310, Opposition
296.

The House was packed for the debate on steel
nationalisation on which the fate of the Govern-
ment had depended.

Packed into the House by Party Whips, the
near complete mobilisation of voting strength came
with Members squinting all round the Speaker's
dais and jammed elbow to elbow the bar at the
opposite end of the Chamber.

The Government Front Bench was so crowded
that Ministers were practically sitting in each
other's laps.

Tonight's victory is only the first round of
the struggle. The Government faces the same
ordeal again on Monday, when the House votes
on a second Conservative amendment, this time
on housing policy.

The next day there will be
another division on Supplemen-
tary Estimates.

Later in the week Mr. Winston
Churchill, Opposition leader,
will attack on a new front—
whether Britain is getting value
for her immense spending on de-
fence.

Other speakers in this debate
—on Thursday—will be the
Prime Minister, Mr. Clement
Attlee, and the Defence Minis-
ter, Mr. Emanuel Shinwell.

The case of the atom spy,
Klaus Fuchs, may be aired in
this debate, on which there will
be no vote.
The Deputy Prime Minister,
Mr. Herbert Morrison, had made
it clear that the motion before
the House in the names of Mr.
Winston Churchill and other

Labour Loses Another Seat

Lancashire, Mar. 9.—
Labour's slender overall
majority in the new
British House of Com-
mons dropped to six to-
night when the Conser-
vative candidate won
the postponed General
Election poll in the
Moss Side Division of
Manchester.

Voting had been de-
layed until today after
the previous Conserva-
tive candidate in the
General Election of
February 23 died dur-
ing the campaign.—
Reuter.

Gubitchev To Be Deported

New York, Mar. 9.—
Valentin Gubitchev, 30-
year-old engineer and
former member of the
United Nations Secretariat,
who was sentenced to 15
years' imprisonment on es-
pionage charges here today,
was ordered to be deported
to the Soviet Union within
a fortnight.

Judith Coplon, 29-year-old
former University noncon-
formist, who received a 15
years' sentence.

The jury had found the pair
had plotted and attempted to
make United States defence
secrets available to the Soviet
Union. The sentence against
Gubitchev was a suspended one.
Coplon, a former United
States Justice Department em-
ployee, met furiously in New
York—not to exchange Ameri-
can Government secrets but be-
cause they were in love and
feared exposure of their re-
lationship might anger Gubi-
tchev's wife or cost Miss Coplon
her job.

Miss Coplon was sentenced
to five years on a charge of
espionage and 15 years on a
count of attempted espionage.
The sentences to run concur-
rently. Gubitchev himself read
in Russian a statement protest-
ing that the case against him
had been "artificially manufac-
tured."

"The mere fact of bringing
me to trial constitutes an un-
precedented violation of the
rules of international law and
of the national law of the United
States itself," he declared.

"I am a Soviet diplomat of
the rank of Third Secretary of
the Ministry for Foreign Affairs
of the USSR."

Gubitchev said that he was
arrested without a warrant and
subjected to hours of grilling
by agents of the Federal
Bureau of Investigation, who
he said, sought information
about Russia from him.

He asserted that his telephone
conversations were intercepted
and that FBI deliberately de-
stroyed the records because he
said they would have shown
that he did no wrong.

Gubitchev and Miss Coplon
were convicted on Tuesday of
spying on behalf of the Soviet
Union. The girl whose work at
the American Justice Depart-
ment involved the study of Rus-
sian espionage was already under
sentence of 40 months to 10
years as a result of her con-
viction in Washington last June
for stealing classified Govern-
ment documents.

The Federal Judge, Mr.
Sylvester Ryan, ordered the
suspended sentence for Gubi-
tchev after his attorney, Mr.
Irving Saypol, had said that the
Secretary of State, Mr. Dean
Acheson, and the Attorney
General had recommended his
return to the Soviet Union.

Mr. Saypol said that the recom-
mendation was the outcome of
conferences between the State
Department and the Department
of Justice.

"You came here as an em-
bassy of peace," Judge Ryan told
Gubitchev, who was suspended
from his United Nations position
after his arrest last March.

"You were accepted by us in
the role of a friend," he de-
clared, and added that Gubi-
tchev had violated his United
Nations oath. He did this "with
an arrogant smile," the Judge
said.—Reuter.

Hongkong Bank Annual Meeting

Sir Arthur Morse Widely Reviews Far Eastern Situation

COMMENT ON PRESENT-DAY SALARIES IN H.K.

Addressing shareholders at the annual meeting of the
Hongkong and Shanghai Banking Corporation this morning, Sir
Arthur Morse, Chief Manager, said there was no valid reason
why Britain and China, under its new regime, should not trade
on satisfactory terms. He declared that by recognition of China
and the establishment of diplomatic relations, Britain had shown
an open mind.

Sir Arthur said that at the present moment the outlook is only
satisfactory in those Asian countries where there is economic stability
and reasonable contentment; the picture is obscure or gloomy where low
standards of living and backward economic conditions are not receiving
adequate attention.

Referring to conditions and events in Hongkong during the past
year, Sir Arthur expressed the opinion that he considered it no longer
realistic that basic salaries and wages should follow the pre-war scales in
view of the considerable changes in post-war prices and standards of liv-
ing.

The text of Sir Arthur
Morse's speech follows:

You will observe that the
Balance Sheet and Profit and
Loss Account have this year
been drawn up in a different
form from that adopted in pre-
vious years. As many of you will
know, overseas companies such as
this Bank, which have an estab-
lishment in Great Britain, are
now required to deliver
copies of their accounts to the
Registrar of Companies in the
United Kingdom drawn up in
accordance with the provisions
of the recent Companies Act.
In view of this requirement your
Board considered it advisable
that the Accounts submitted to
shareholders should also be
drawn up on the lines laid down
by the United Kingdom Com-
panies Act and subject to minor
modifications the Accounts be-
fore you have accordingly been
prepared on this basis.

The profit for the year, after
making transfers for Reserves
and Reserves for Contingencies
and after deducting Special
Administrative Expenses and
Auditors' fees which are this
year shown separately in the
accounts, amounts to H.K.\$17,-
042,477 and exceeds the cor-
responding figure for the pre-
vious year by just over \$250,000.

After taking into account the
balance of profit brought for-
ward from last year the sum
available for distribution
amounts to \$1,321,108. As
last year, your Directors recom-
mended that the sum of
\$3,000,000 should be written off
for this amount, for the Interim
Dividend of £2 per share and
for the Final Dividend of £3
per share which is now pro-
posed, the balance of profit
to be carried forward to next
year will amount to \$3,359,093,
an increase of approximately
\$1,000,000 over the correspond-
ing balance carried forward
from the previous year.

NOTE ISSUE INCREASE

As I have mentioned, the
Balance Sheet this year has
been drawn up in a somewhat
different form from that pre-
viously adopted with the re-
sult that an exact comparison
with the previous year's figures
cannot be readily made in the
case of certain items. It will
however be seen that the Note
Issue has again increased and
exceeds the previous year's
total by over £2 millions.

Amounts due to Subsidiary
Companies, and Acceptances on
behalf of Customers are this
year shown separately from
Current, Deposit and Other
Accounts and the total of these
three items exceeds the cor-
responding figure for the pre-
vious year by just over £2½
millions. In this connection I
may mention that the amount
of the provision for Bad and
Doubtful Debts which has pre-
viously been included among
Current, Deposit and Other
Accounts has this year been
excluded from this heading and
deducted from figure of Ad-
vances to Customers.

Turning to the Assets side of
the Balance Sheet it will be seen
that the aggregate of Cash at
Bankers and Money at Call is

this year slightly higher than the
corresponding figure for the pre-
vious year. The total of Invest-
ments shows a decrease of just
over £7 millions as compared
with last year's figures but this
decrease is offset by an increase
in Ekl Receivable and Items in
Transit, thus indicating an in-
crease in the funds of the Bank
now employed in financing
trade. As mentioned, the amount
of the provision for Bad and
Doubtful Debts has this year
been deducted from the total of
Advances to Customers and
Other Accounts and this item,
together with Liabilities to cus-
tomers for Acceptances, now
shows an increase of over £1½
millions as compared with the
corresponding figure last year.
The amount at which Bank
Premises appears in the Balance
Sheet is after deduction of the
\$3 millions which your Directors
recommended should be written
off.

of the item and the increase in
the total of Bank Premises over
the corresponding figure last
year reflects the further imple-
mentation of the building pro-
gramme to which I referred both
last year and the year before.
In the year since our last
Meeting we have only to record
the opening of one new branch
—that at Orchard Road, Singa-
pore, in our up-to-date eleven-
storied building which was
christened "MacDonald House"
by the Commissioner-General
on July 2nd.

In China a number of our
officers on the coast are at pre-
sent not operating, owing to the
conditions prevailing there, but
we hope that they will be active
again as soon as the political
outlook improves.

In Japan the temporary office
which we opened at Kure for
the benefit of the Common-
wealth Forces has now been
closed but our branch at Tokyo
has been remodelled to accom-
modate the larger staff; a larger
building has been rented at
Kobe and at Yokohama we are
back in part of our building al-
though the main banking hall
and our Agent's residence are
still held by the American
Army.

Our three Trustee Companies,
here, in Singapore and in Lon-
don, continue to grow in im-
portance, to the Bank and in
usefulness to the public as their
many customers will, I think,
testify.

This time last year I spoke
cheerfully about the progress
by Great Britain in her recovery
programme. Internal progress
has indeed continued and pro-
ductivity and industrial output
have increased by several valu-
able points percent. But, as you
are aware, externally things did
not go well in the early part of
last year and the steady increase
in the Sterling Area's dollar de-
ficit, which became alarming
about the middle of the year,
coupled with loss of confidence
(Contd. on Page 5, Col. 1)

EDITORIAL

Next Year's Expenditure

GOVERNMENT has budgeted for
an expenditure of \$199 million for
the coming fiscal year—an all-time record—
most of which, seemingly, it is impossible
to avoid. Personal emoluments remain at a
breath-taking level, representing 40
percent of the total expenditure and it
would appear that there is no hope for
any future substantial reduction under
this heading. The high cost of adminis-
tration is, of course, partly explained by
the necessity to meet HCL increments,
and the proposition that a proportion of
these allowances should, in future, be
incorporated into basic salary indicates
very clearly that the Colony cannot ex-
pect any reduction in the big overhead
of official emoluments. This cost, how-
ever, can and will be cheerfully borne
so long as it can be demonstrated that
the public is receiving full service for the
outlay. By and large Government servants
perform their duties well and there can
be no serious quibble about some of their
advantageous working conditions. But it
may still be possible to bring about useful
savings by a more severe pruning of
"parasites" and the rationalisation of
staffs. The public has still to be convinced
that the Service is not over-loaded with
superfluous coolies, messengers, junior
clerks and the like whose duties frequently
overlap, whose responsibilities are
negligible, but who, in totality, are
drawing heavily on the exchequer. As
forecast, emphasis for the coming financial
year is placed on security and defence
commitments which, either directly or
indirectly, will absorb between 12 and 14
percent of the total expenditure. The only
satisfying way of regarding this type of
expenditure is as insurance, and, given
this attitude of mind, it is possible to

accept the spending philosophically.
Nevertheless, while defence and security
demands cannot be side-stepped, this does
not permit indiscriminate expenditure. One
item, which presumably comes under
defence, is the construction of a bridge
at Au Tau. The proposition is that the
PWD build a bridge, capable of taking
heavy traffic, to replace a Bailey Bridge
which the Military authorities have
constructed for the time being. Govern-
ment's estimated cost for this project is
a million and a half dollars, which seems
to be exorbitant. Surely a reinforced
concrete bridge can be built for much less
than this? We would have thought that
half a million dollars would have been
sufficient. Here is one point which the
Select Committee might profitably inquire
into when the proper time arrives. It is
true that a million and a half dollars
means little in a total expenditure of close
on \$200 million, but if this sort of costing
is to be taken as symptomatic, there are
reasons to fear that the public is going
to pay very dearly for its defence and
security works—certainly out of all
proportion. We would remind the Select
Committee, as well as Government, that
the vast proportion of the \$199 million
required for expenditure next year has
to come from the pockets of the general
public; and that between 70 and 80
millions are derived from direct taxation,
through a system that is inequitable,
inconsistent and discriminative. For its
contributions by direct taxation the public
receives virtually nothing in return by
way of social, health or recreational ser-
vices. Spending, therefore, even on
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be judicious. Profligacy must be avoided
in all fairness to those whose duty it is
to keep the exchequer full.

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Labour laughter greeted his
statement that the Liberals had
given notice on their decision to
the Government Whip because
"it is in the national interest
that the Government should not
be brought to an end by a sud-
den and map vote."

When a Labour Member asked
if the Liberals would take
the consequences of their vote
tonight, Mr. Bowen replied, amid
loud laughter from the Govern-
ment benches, "If they did,
the responsibility would certainly
not be with the Liberal Party."
The Government can defeat
this amendment very easily
without a division by postpon-
ing indefinitely nationalisation
of steel.

The Prime Minister, Mr. Cle-
ment Attlee, replying to the
debate, said that the amend-
ment had been brought in be-
cause of "some strange calcu-
lations about the General Elec-
tion."

The General Election was
not a plebiscite, Mr. Attlee said.
"It is very rare in this coun-
try that you have an election
on a single issue."

"One thing that was decided
by the General Election was
that the country did not want
Mr. Churchill and his Party,"
Mr. Attlee said.

The action at this time of
putting down an amendment
to the Address was "wholly
responsible," Mr. Attlee
further said.—Reuter.

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TAKE ANY EASTERN TRAM CAR OR HAPPY VALLEY BUS

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BOB HOPE in "SORROWFUL JONES" with LUCILLE BALL • BRUCE CABOT

WOMANSENSE

TWO LONDON GIRLS IN PARIS



Diana—sophisticated

TWO smart girls from London are among the hand-picked team of 14 mannequins who model frocks for Christian Dior, the Paris dress designer. Diana Gibson and Jean Downey.

Both girls are modelling for the first time in Paris, and find they have never worked so hard. Their day begins about 9 a.m. ends at midnight or later.

"We have no time for boy friends," says Jean. "At Dior's, she is known as Caroline, to avoid confusion with the American mannequin, Jane."

Jean was a free-lance in London. In Paris she wears most of Dior's young dresses—all the dewy ones called Innocence or Angélique.

She is 24, 5ft. 6in. tall, has dark honey-coloured hair and what everyone describes as a "real English complexion."

Diana Gibson, 5ft. 6in. tall, wears more sophisticated styles.



Jean—dewy innocence —London Express Service.

Chief Features Seen In A London Collection

A small group of tailored coats—frocks described as "One-piece Suits"—was interesting in the Hardy Amies collection of 67 models covering all types but putting emphasis on very slim, beautifully tailored, slim-fitting suits in neutral colour tweed, and worsteds.

Coat-frocks were in tweed, worsted or Irish slub linen. A typical style had a tailored collar, three-quarter cuffed sleeves, was slim and with a button front.

From a construction angle, a couple of models with a soft fold at the top of the sleeve, giving width on the upper arm, were outstanding. This feature is shown first on "Double Duty," a loose black and beige Camberland tweed overcoat and is repeated on "Junior League," a loose beige and white herringbone tweed jacket with a 1920 flavour.

"Lack of Colour"

The collection opened with slim-belted, roll-collared white hopsack topcoat with which the mannequin wore all-white accessories and carried a basket of white spring flowers. It typified the clean simple lines of tailored clothes throughout the collection, and the lack of colour which this designer described as neutral and featuring every shade of gray from pale grey-blue to clerical gray, and also beige and pale brown with navy, black and chalk white.

Suits had inconspicuous shoulders, hipbone length fitting jackets, and narrow skirts with plain fronts and pleated or wrap treatment at back.

Novelty interest was concentrated in highly complicated hip pocket cuts. In addition to tweeds and worsteds, Amies also had three tailored suits in rayon woven in some small unobtrusive mannish patterns as wools.

Hardy Amies also showed simple, short sleeved dresses with matching or related jackets in tropical worsteds, lightweight tweeds, and alpaca. These jackets varied from fitted suit types to loose and bloused ones. There were also similar dresses with low buttoning single-breasted belted tops.

Simple for Evening

Very simple treatment of formal fabrics was a highlight of street-length party frocks. Typical was a white em-collared belted coat and a couple of narrow white lace dresses belted in black, with big collars; one was heavy cupure, the other in finer Nottingham type lace.

The varied evening group ranged from a full-length, draped dinner dress, high-necked and long-sleeved, in gray rayon jersey through short youthful full-skirted strapless types in sheers to romantic debutante dresses like one in white embroidered organdie with ermine.

Chapeau & Coiffeur



By ALICE ALDEN

EVERY place where really hair-do for the small off-side well-groomed women gather we are apt to note the beautiful team work displayed by hat and hair-do, which means hair-dresser and hatter, of course, of aqua blue felt, the side drape cut in leaf design and trimmed with tiny seed pearls and a feather swirl.

Ideas For Arranging Family Pictures And Regrouping Furniture

By ELEANOR ROSS

WE are all for family ties and bringing them out in the open. One nice way to do this is to take the family photos out of the old album and use them as charming wall decorations. That way the entire family can contribute beautifully to the home. In this way your wall decorations will take on added meaning as they reflect every member's personality and interests, and their charm will become part of your home decorating scheme.

Different pictures do not pose a problem. They can be arranged successfully over a sofa or table to form a focal point in the room. But the success of the grouping hangs in the balance.

Start out by placing two rectangular frames next to each other. Then consider hanging others that are smaller in size above the central pair. To give this arrangement an unusual touch, have the grouping in small oval frames. In a traditional room, velvet ribbons and bows are in order. Hang them streamer vertical series on top of the ribbons. What could be more simple or more attractive?

THE picture of the fish Dad caught this summer, or Mother's favourite snapshots from the last vacation will keep alive many happy memories. They'll assume added importance when properly matted and suitably framed.

AS for portraits, brother and sister can contribute their share, too. Their baby pictures framed as one picture are suitable for living room or bedroom. Pictures for a man's room are beautiful fitted with frames simulating leather and dark grained woods. More appropriate for sister's room are pictures made with luxurious velvet matting and narrow, graceful frames.

There is no need to throw away these lovely Christmas cards, either. Instead, let each member of the family contribute his favourite to a picture grouping. Pinned on the walls they will be a cheerful reminder of the wonderful season of peace, kindness and goodwill, the year round, especially if the cards include beautifully printed religious subjects and lovely winter landscapes.

THERE was a recent interior decoration display room showing in New York. The display was built round treasures that offer excellent suggestions and ideas for living room or regrouping furniture. And this show proved equal to the best of them.

Our friend is going to handle one breakfast along the ideas

he admired in the show. The cabinet is of black lacquer and illuminated from the inside to display a china collection, making it the focal point of the room. The living room is done in smoky blue colours with chairs and a sofa upholstered in a rich poppy red for a challenging colour scheme.

IN the dining room there is an exquisite china cabinet of the 18th century, picked up in Milan. It is fashioned of natural wood, its door decorated with diamond shaped wood grill. A lining of rose moire sets off the wood beautifully. There are green and gilt chairs and a massive, round table dating from the Italian Directoire period. The beautiful modern hand-woven pale green and gold upholstery matches the painted frames of the chairs.

Gray blue and lavender, accented with brown pale blue and chartreuse make up a provocative colour scheme for a room of this size. Focal point of this room is an oversize sofa covered in deep lavender mulehase. It has two square bolsters in back and small triangular cushions at either end that make for comfortable seating. When the bolsters are removed, the extra-wide sofa could double nicely as a bed. This room features an attractive window treatment that includes a easy-tooth-shaped valance of purple taffeta trimmed with silk taffeta.

WE were entranced with the colour scheme of a bedroom that had apate-blue walls and used brown, beige and gold shades with the distinction. Twin beds have headboards that, at first glance, look like marble, but are covered with burnished leather in deep beige with design in a diamond motif. Pride of this room is a chest made in Turkey two centuries ago, but that looks as though it had been made to contemporary specifications, except that each of the sixteen drawers has a decoration of two exquisite paintings.

SMART TRAVELLER



By GRACE THORNCIFFE

A REALLY good casual coat is a fine investment, right for so much of the year and travelling. This year-rounders is of wool fleece in a corn yellow. It has a classic collar and revers, raglan shoulders with the sleeve buttoned closed. A bloused back, and vent in skirt are other details. The sash-like belt is attached to the back as far as the side seams and the pockets are in one with the coat.

Green Rain

When green rain fell recently in Portsmouth, Va., covering cars and houses, investigation proved that it came from a nearby naval ammunition depot, which had been burning some defective smoke bombs and markers containing harmless green dyes used to colour sea water in air rescue operations. The wind had carried the smoke from the depot, where it condensed and came down as rain.

An oyster 10 inches long, 4 inches high and weighing 2½ pounds was caught in Long Island Sound.

Toilet Water Is a Good Buy



Colognes and toilet waters are a good investment. For most occasions, a light floral scent is appropriate. Get in the habit of applying it daily.

By HELEN FOLLETT

PRETTY dainties who find it necessary to keep an eye on the beauty budget should look into the matter of toilet waters; they are not as expensive as perfumes and give wonderful service. By their free use daily, one can walk in an aura of forested fragrance, and never rebuke oneself for having indulged in an extravagance.

Invest in an atomizer; by that means the scent can be distributed and not much will be used. Make it a practice to spray arms, neck and shoulders after your bath. You can, if you wish, use the spray again after you have slipped into your undies.

Let the sweetly-scented mist pass over your frocks and coats in the closet. Then close the closet door. Do that at night, in course of time your entire wardrobe will be impregnated with the delicious, fresh aroma.

If you wish to perfume your hair, do that little chore immediately after the shampoo, when your glorious halo is clean,

when there are no exudations of sweat or sebaceous glands of the scalp to change the odour. Some girls think it a cute trick to saturate a bit of cotton with toilet water, place it in the hat box.

If you are afflicted with cold hands, rub some perfume in the palms. It will remove perspiration, the alcoholic content will hurry up circulation, make the hands warm. Then you will not be guilty of passing on fishy-cold hand shakes. Nor will you stain your gloves.

Many women go on a cosmetic spree, tote home perfumes, then let the decorative bottle stand on the dressing table. That's bad. Mustn't do. Keep the bottle in the bath room cabinet where it will be away from the light to evaporate will not take place. Keep it well stoppered.

Your perfume is a personalised thing, should express your character. Light notes of delicate fragrance are the safest choice.

Let's Eat

BY IDA BAILEY ALLEN

Beef And Vegetable Pie Makes A Substantial Meal

"NOW down here is a (No. 2½) tin of pea soup. Make this will serve 4 persons. But here is a parcel of dried split peas which costs a third less than the tin and may be made into 2 quarts of soup with little trouble or expense. In other words, for less money there is enough soup to serve at two meals. Now when it comes to the cereal department the savings that can be made are even greater. For example, here is a 26-ounce packet of farina advertised. This will give at least 18 portions. The packet costs about more than a box of cornflakes. But look at the difference in the number of portions. For a few cents more the farina makes twice as many servings. The same thing holds good in purchasing fresh vegetables, meat and fish. It is not on the price, but the number of portions or servings you can get that counts. Now take bacon for example."

"Wait a minute Chef, you've opened up a great new slant in purchasing food for the home. We can't possibly cover it in one column. We will have another instalment soon."

Dinner

Tomato Sauce
Beef and Vegetable Pie
Short Biscuit Crust
Butter Turnips
Peas
Beef Relish Salad
Prunes Swedish Style
Whipped Topping
Coffee or Tea Milk (Children)

Include enriched bread or rolls with butter or margarine.
All Measurements Are Level
Recipes Serve Four

Beef And Vegetable Pie

Cut 2 lbs. boneless lean beef into bite-sized pieces. Place in a sauce pan; almost covered with boiling water. Add 1 tsp. salt and simmer until nearly tender, about 1½ hrs. Remove the beef (save the liquid to use later on) and roll it in 1/3 c. enriched flour. Melt 3 tbs. meat fat or margarine; add ½ tsp. granulated sugar, and brown the flour meat in this. Then add 1 tsp. salt and ¼ tsp. pepper.

Meanwhile, peel enough white potatoes and cut in ½ in. dice to make 2 c. Prepare 1 c. diced raw

carrots and peel and have 6 medium-sized onions. Add 1 c. washed, shredded fresh mushrooms. If desired, combine the vegetables and arrange in alternating layers with the meat in a 2 qt. baking dish or casserole. Heat the broth remaining from cooking the beef until boiling and pour it over the meat and vegetables. There should be enough to almost cover. If not, add a little boiling water. Top with rounds of rich baking powder biscuit pastry shaped with a 2 in. cookie cutter. Brush over with milk; bake in a moderate oven, 375 F. about 45 min.

Rich Baking Powder Biscuit Pastry

Sift together 3 c. enriched flour, 5 tsp. baking powder, ¼ tsp. salt and ½ tsp. sugar. Measure ½ c. shortening (any kind); add half of this to the flour mixture and chop it in with a pastry blender. When flaky add 1 c. water, mixing it in quickly with a fork. Transfer this dough to a slightly floured board or pastry cloth. Roll to ½ in. in thickness; then spread with 2 tbs. of the remaining shortening, bringing it to within ½ in. of the edge. Fold over the raw edges together, then roll again. Spread with the remaining shortening and fold and roll as before to ½ in. thickness. Use as a topping for meat pies, or in making fruit rolls or deep dish pies.

Beef Relish Salad

Put 2 envelopes unflavoured gelatin in ¾ c. cold water and let stand 5 min. Add 1½ c. boiling water and stir until dissolved. Then add 3 tbs. vinegar, 3 tbs. sugar and 1 tsp. salt. Chill, and when beginning to thicken add 1½ c. chopped cooked beets, ½ c. diced celery, 1 tsp. fine-minced young onion, 1 tsp. finely minced onion, 2 tbs. grated horse-radish. Rinse an 8 in. square pan with cold water. Into it transfer the salad mixture. Chill until firm, about 4 hr. Cut in squares and serve on lettuce with either salad dressing or mayonnaise. (Enough for 2 meals.)

Trick Of The Chef

To give a savoury taste to the baking powder biscuit pastry for the beef pie, add to the flour ½ tsp. poultry seasoning.

POCKET CARTOON

by OSBERT LANCASTER



Atomic Age For Cabbages

In a midjet glasshouse, no bigger than an office desk, cabbages, poppies, and other flowers and vegetables are living and growing on a diet of radioactive atoms.

The purpose of this strange experiment at the Argonne National Laboratory in America is to produce radioactive drugs and other plant products which cannot be manufactured.

Sterile gravel is the soil, washed clean with fungicides and pesticides. The plants are fed all the minerals they need in a nutrient solution from an unromantic underground tank.

Air pump and half a dozen flexible tubes running into the sealed hothouse doctor the air they breathe. Through their leaves they inhale enough of isotope Carbon 14, a by-product of the atom bomb, to make them radioactive.

Ascorbic acid cannot be made in a laboratory; in radioactive form it is ideal for research in the treatment of rheumatic fever. The scientist gardeners picked their ripened cabbages, green peppers and tomatoes, dehydrated and ground them into powder, dissolved them into solvents, and the problem was licked.

When it becomes necessary to enter the hothouse, radiation in the atmosphere can be reduced to safety for human beings. In the plants themselves the amount is too small to be a hazard. Leftovers are sealed in thick glass bottles.

NO GLAMOUR IN SMOKING IN OPEN

Smoking at the North Fulton High School in Atlanta, Georgia, was legalised and it cut smoking "drastically."

Warren Jackson, principal, thought enforcing bans on smoking by students would just make the situation worse.

Students who smoked in the rest rooms would find secret places which would be more of a fire hazard, Jackson said.

So he told the students that it would be all right to smoke but only in the concrete athletic stadium. It would mean real trouble to be found smoking in the building or elsewhere on the grounds, he warned. Jackson followed that up with word to the teachers, to the same effect. He felt that the students would feel he was more than fair if the faculty had the same restrictions.

As a result, Jackson said, fewer students are smoking and the building is not littered with ashes and butts.

He believes that smoking lost a lot of its glamour when it was moved out into the open.

Eight Wools Blended Into Army Khaki

By J. W. Taylor

Weaving of the famous Scotch tweed, one-time village cottage home industry dating back to Roman times and now principally carried on in the modern mills of the Tweed towns, is a precious dollar earner for Britain. From all over the world, in fact, come orders for this cloth, which has been woven from woollen threads still retaining the soft underdown of the fleece and which continues to defy the many changes in sartorial fashion.

One reason for its popularity is that nothing shoddy is ever associated with this perfect product of Scotland. When tweed leaves the elaborate power-operated looms, it goes to the inspecting looms, where every inch of cloth is closely examined. Washing and shrinking follow, and after several finishing processes, which include cropping of loose fibres, steaming and pressing, a final rigorous inspection is made.

The number of processes necessary to the ultimate finish of the cloth are so numerous that the expert may be excused the comment that too much care is taken. It is the expert sorting of fleeces and weaving, followed by a strict supervision and check at every stage of production, which have led to the ultimate perfection of the Scotch tweed and to its eventual high place in the markets of the world.

Many of the finest Scotch tweeds bought by Americans still follow the ancient patterns based on the checks of the shepherd's plaid, or shawl, dating from old times. Best seller is the Glenquhart check, reminder of the times when every Scotch valley and glen had its own distinctive check.

For centuries the Border tweed wool was supplied by the sheep reared near the weaving centres. Even better quality was aimed at, and the makers went much further afield for their wool. Australia now sends much of the famous

Merino wool of the Spanish sheep for the weaving of top-grade tweeds. This calls for the important job of classifying. Not only have varying quality fleeces to be sorted, but the experts may have to separate as many as eight grades in a single fleece.

HEREDITARY SKILLS
This done, the wool is cleaned with warm water and soap, whose temperature and degree of alkalinity are carefully supervised. Indeed, the exquisite lustrous texture of the tweed is due to hereditary skills in the choice of wool and dyeing processes that improve the wearing qualities of the cloth rather than its appearance, and the strictest supervision of every stage of manufacture in which only the finest materials are used.

The factness of Scottish tweed depends largely on the skilled dyers. No dye is used until it has passed the most stringent tests. Some shades of cloth call for a judicious mixture of yarn of various dyes. Army khaki is a blend of grey or eight wools of different dyes.

After the wool has been cleaned it is carded to fluff the material as much as possible. When the fluff appears, it is rubbed to make it more like thread. It finally becomes thread through the spinning jennies. More operations follow before the wool is finally ready for weaving. This has always been the work of women from time immemorial, and it is still done mainly by them today.

And in case you did not know it, the cloth does not derive its name from the river, but from a clerical error made in an invoice which described Scottish tweed as tweed.

MALAYA TRAINS 6,400 TEACHERS

A total of 6,400 teachers of all kinds underwent training in 1949 in the Federation of Malaya. There are now 17,000 teachers compared with about 10,000 before the war. These facts were revealed by Mr M. R. Holgate, Federation Director of Education, in a broadcast on the work of his department over Radio Malaya.

Mr Holgate said that not all of these teachers were trained, since dilution of trained staff had been an inevitable concomitant of such a rapid expansion. But a widespread system of teacher training for Malaya, men and women, was started in 1948 in every one of the States and Settlements making up the Federation.

Three-year teacher training courses for Tamil teachers, with a present enrolment of more than 600 were being held in all but three of the States and

HOW TO CARE FOR NYLONS

Many stains can be removed from nylon cloth by simple washing in soap and water, a manufacturer has discovered. Some stains that have been caused by this simple method are: ketchup, mustard, chocolate sauce, ribberies, inks, and some greases.

Other stains, such as those of chewing gum and some oil bases, are best removed with cleaning fluid, according to a new booklet, "Care of Nylon."

The pamphlet said nylon should be ironed at 275 degrees Fahrenheit. In ironing a nylon setting, that used for rayons will provide the right temperature. Higher temperatures, according to the booklet, may damage the fabric and cause white cloth to yellow.

Before the war only 203,000 pupils attended schools and institutions of all kinds, he said. In September 1949, that figure had risen to 371,000, and more than 80 percent of the pupils were in Government or Government aided schools.

This meant that many more schools were needed. Building had gone on whenever funds permitted, and had it not been for the Emergency many more schools would have been built.

Mr Holgate said that their present aim was to provide as far as possible a six-year primary education for all children between the ages of six and 11, to provide secondary education for those of this group who were likely to profit by such education, and lastly "to provide means of higher education, through colleges and universities, for training the best brains of the country so that these may take their part in administration, and enter the ranks of professions which demand a high standard of scholarship and long professional preparation."

O'Neill May Write No More

Eugene O'Neill, America's foremost dramatist, has little prospect of recovering his health sufficiently to work on a new play, according to the New York Herald Tribune drama writer, Bert McCord.

O'Neill, who is 61, has for years suffered from a form, of polio known as Parkinson's disease.

Periodically it is reported that he has been cured, but McCord says O'Neill is so far from being well that he cannot revise any plays he has on hand, let alone work on any new one. He has written nothing since "The Iceman Cometh," which was produced in New York in 1946.

O'Neill writes all his plays out in longhand. He has not been able to learn to think in terms of plot and dialogue while dictating. He has tried many machines unsuccessfully, and attempts to dictate to his wife also failed.

After "The Iceman Cometh" opened on Broadway, O'Neill moved to Massachusetts. He took treatments at Boston Hospital, but they were of little help, and later he discontinued them.

Early last year a literary quarterly voted O'Neill as the living author most likely to be deemed a classic in the year 2000.

MEN KEEP HOUSE BETTER

Some men are better domestic workers than women, according to officials of Britain's National Institute of Houseworkers.

"But men domestic workers have one fault that needs a good deal of training to eradicate," the official added.

"They won't tidy up in the kitchen after cooking, and they won't clean up as they go." Increasing numbers of men are joining the Government-sponsored institute, which trains houseworkers.

They are taught to scrub floors, cook, make beds, wash and iron clothes. Men who qualify for the Diploma at the end of the course will be issued with turquoise blue overalls.

Turquoise blue is the official colour worn by women diploma holders.

Motorless Motor Car Foreseen

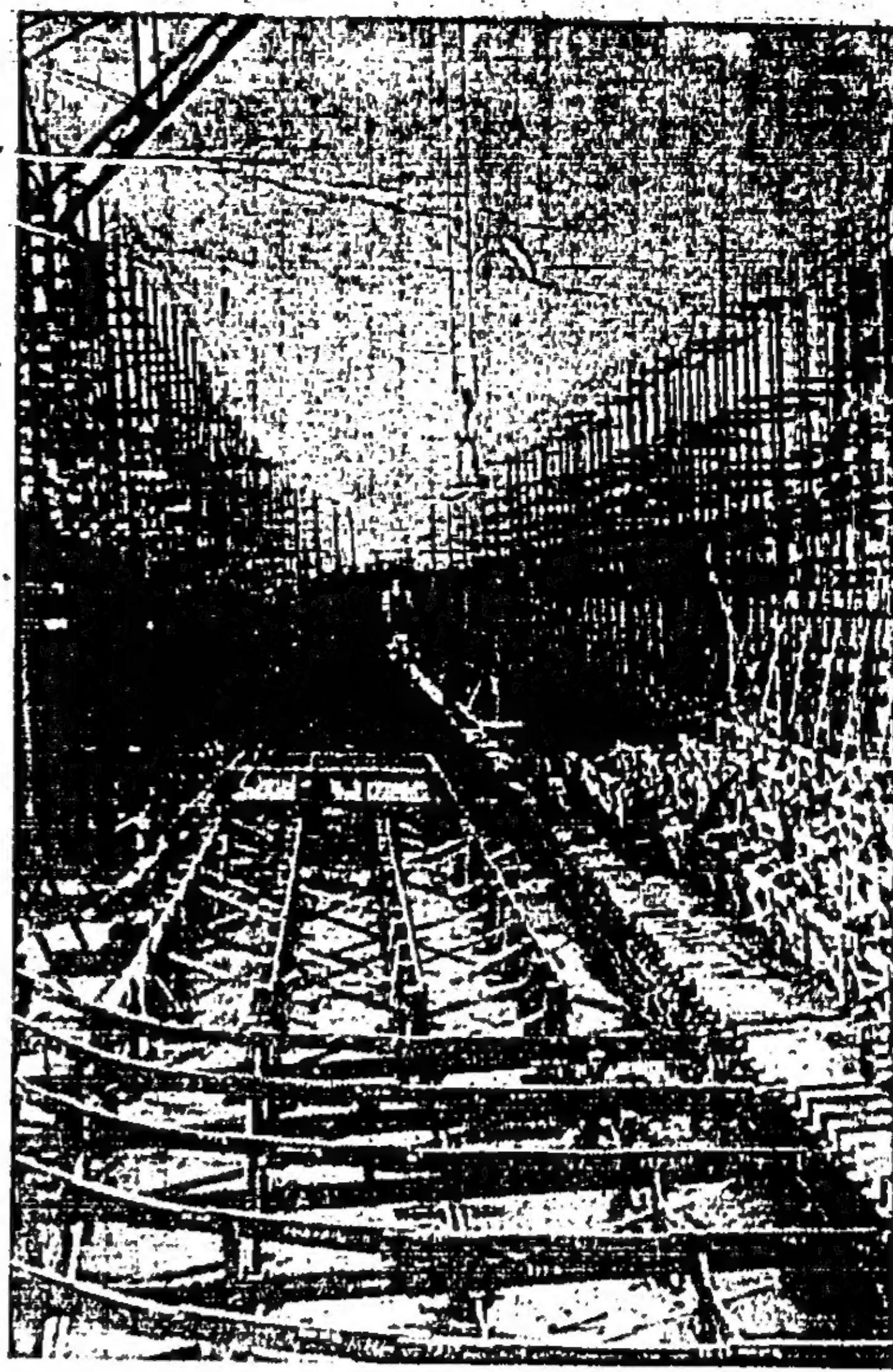
The work of a Massachusetts Institute of Technology professor may take the motor out of the motor car.

Dr A. R. Von Hippel says a chemical crystal the size of an overnight case can be used to store up to 100,000 volts of electricity which can be used to power an automobile.

Use of stored electric power would eliminate gear shifting and slash the cost of cars with involved conventional engines, he claimed.

Crystals made of barium titanate, a material that looks like ordinary porcelain, can store 10,000 times more electricity than conventional condensers, Von Hippel said.

NEWS IN PICTURES



LAYING THE KEEL—A 170-ton crane lays a part of the 55-ton keel at a drydock in Newport News, Virginia, for the biggest passenger liner ever built in the United States. The superliner, tentatively named SS United States, will be America's answer to Britain's Queen Mary and Queen Elizabeth. The 980-foot-long vessel will be completed in 1952.



GLASS LUNG FOR FRUIT—Roy Young, science technician at the University of California, is shown with the new electric oxygen analyser and Brown electronic recorder. They are being used to determine the ideal "breathing rate" for citrus fruit and avocados to insure less future waste.



SPLASHING FASHION—These girls at Miami Beach, Florida, have the bathing beauty's talent of getting close to water without getting too wet, despite the big splash they make. This trio of chorines are, left to right, Tally Richards, Evelyn Malone and Jeanne Malone, and they look just as lovely when off duty as when they're paid to look pretty.



BACK AGAIN—Seventeen years ago, the Nazis banned taxi-dancers from cafes in Berlin, but now they have returned—under strict supervision. This young German seems to like the practice of buying a dancing partner for 25 pfennigs.

The girls selected must be over 18.



OLD AND NEW—The idea of the hat and scarf combination, worn by teen-age film star Joan Evans, combines old ideas with a new style. They are made in a gray, green, blue, and red diagonal check.

K. O. CANNON The Riddle of the Red Domino



QUEEN'S & ALHAMBRA

SHOWING TO-DAY AT 2.30, 5.15, 7.20 & 9.30 P.M.
The Picture Every Woman Will Want To See!

SHOUTS FOR AN ACADEMY AWARD!

M-G-M'S
FINEST PICTURE!

Starring
Van JOHNSON
John HODIAK
Ricardo MONTALBAN
George MURPHY
Denise DARCEL



'THE BIG PARADE' OF WORLD WAR III

BATTLEGROUND

THE STORY OF 50 GUYS AND A GIRL

LEE Theatre
AIR-CONDITIONED, OZONIZED AND VENTILATED

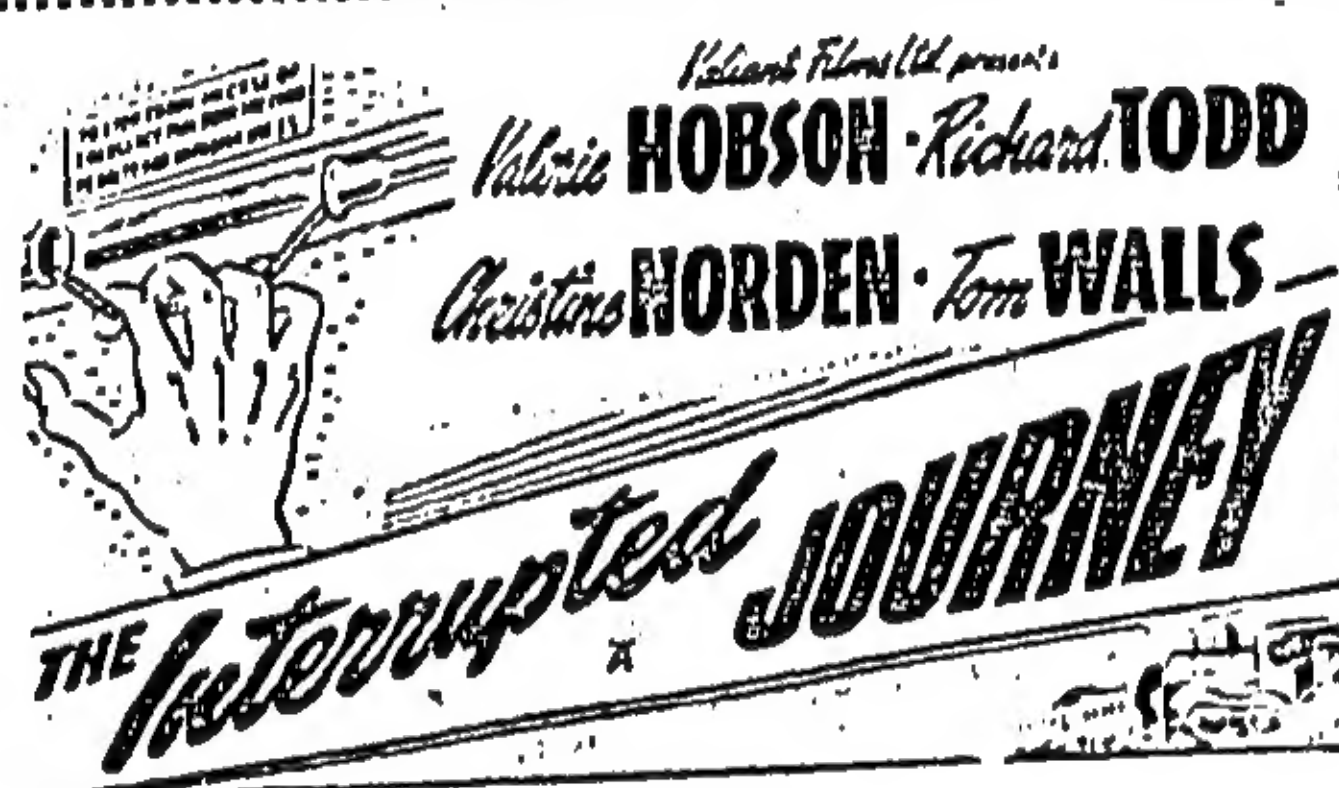
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RICHARD TODD



NEXT CHANCE

Rod CAMERON • Gale STORM

"STAMPEDE"

SHOWING TO-DAY AT 2.30, 5.15, 7.20 & 9.30 P.M.

EXTRA PERFORMANCE ON SUNDAY AT 11.30 A.M.

THE GRIPPING STORY OF THE HATFIELDS AND THE MCCOYS!

—America's most famous feud!

SAMUEL GOLDWYN presents
"Roseanna McCoy"

starring
FARLEY GRANGER • CHARLES DICKFORD • RAYMOND MASSEY
RICHARD BASELANT • GUY PELEREAU
and introducing JOAN EVANS

ALSO WALT DISNEY'S COLOR CARTOON
"CAT NAP PLUTO"
AND LATEST PARAMOUNT NEWS

Liberty

TO-DAY AT 2.30, 5.30, 7.30 & 9.30 P.M.

Warner Bros. presents
THE PEAK OF SCREEN EXCITEMENT!

Humphrey BOGART • Ida LUPINO • Cornel WILDE

In "HIGH SIERRA"

William Hickey Presents... PIC-STRIP BY LEWIS CARROLL



"THE ELOPEMENT"
Painted by Alice Jane Donkin.



TIME TO SAY GOODNIGHT
With Irene Macdonald

LEWIS CARROLL, author of "Alice in Wonderland," was an expert photographer. This discovery was made because another cameraman browsed among old books in a London shop.

HIS FIND: An album of pictures, mostly of little girls, taken by Carroll between 1856 and 1880 in his glass-plate studio at Oxford, where he was known as Professor Charles Dodgson.

The pictures were years ahead of their time. In an age when photographers took static pictures of people staring straight at the camera, Carroll tried for the natural picture, the angle shot.

His children are relaxed, unspoiled. To get them that way he did conjuring tricks, let them play with a marionette theatre.

The album, indexed by Carroll himself, was bought for £12 by Mr. Helmut Gersheim, author of books on photography. And the pictures appear in a 17s. 6d. book published by Max Parrish and Co., Ltd.



THE LENS-POLISHER
It's Carroll himself



GIRL ON A RUG
She's Alice Westmacott.
London Express Service

Growing Young At 70

By Gay Pauley

ALL this fuss women make about getting older is getting under Fritz Scheff's fine, white skin.

It irritates the aging but indestructible Fritz that a woman will fib about her age with a face as straight as though she were holding four aces in a poker hand.

"I can't see why either," said the famous opera star now in the midst of a new musical career. "I'm 70. I see no reason for lying about it. And I feel I have several good years left."

"As if not telling her age makes a woman younger anyway," she snorted.

"Age is a state of mind," she continued. "It's like the old say-

ing about what you don't know not hurting you. If we didn't know how old we are, we wouldn't show our age."

Besides, she said, "every woman ought to remember that each period of life has something to offer."

To look at the thrice-married Miss Scheff, you wonder whether she will ever lose the bloom of youth or the fiery personality that inspired Paderewski to dub her "the little devil of grand opera."

Her skin still has the freshness the advertisements rave about. Her eyes sparkle as brightly as those of a schoolgirl on her first date. Her hair has been kept its original red. She still has the figure that can draw an admiring glance from a passing male.

Being 70 would make most women content to park their frail bones in a rocking chair, pull a shawl around their shoulders and take up knitting to while away the hours.

Not so, Fritz Scheff. When she reached 70, she began a new phase of her musical career, which had been going on close to 60 years.

MISS Scheff came out of her 10-year retirement from the stage to become a solo and night club singer, and currently is packing them in a New York cafe.

Fritz admits her coloratura has become a little husky with the passing years. But when the spotlight is turned on her, she breaks into "Kiss Me Again," the Victor Herbert melody she made famous at the turn of the century, somehow the years drop away, not only from the artist but from her mature audience.

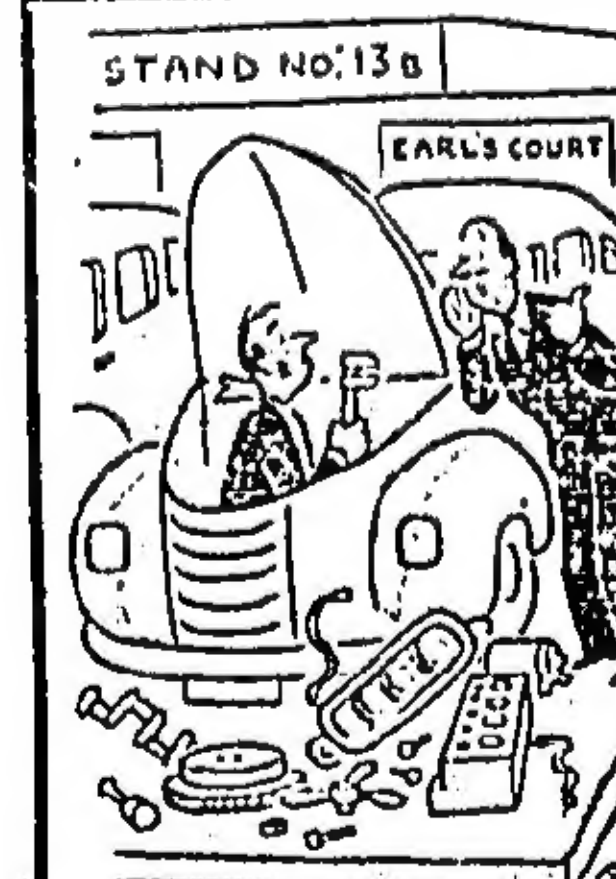
The Viennese-born entertainer made her debut at the New York Metropolitan in "Fidelio" in 1902 and went on to sing principal roles in some of the greatest operas.

Some of her happiest memories are of the days when she sang opposite the great tenor, Enrico Caruso. "He was incomparable," she said. "There's been no voice since that could match his."

AFTER the Metropolitan, Miss Scheff moved into light opera, touring the United States in such beloved operettas as "Milk and Honey" and "The Prima Donna." In addition to those that Herbert wrote, especially for her.

Now, she said, "I'd like to quit singing in cafes and clubs, and go back to the stage. This time, though, I want to do comedy, and I don't mean musical comedy, although I guess people will always be demanding that I sing."

"You know," Miss Scheff mused, "the nicest thing about getting old is this, I can keep just about every cent I earn. The income tax exemption for people over 65 is wonderful." — United Press.



STAND NO. 13B
EARL'S COURT

"I said, this isn't the car with the horn that's stuck—it's on the next stand!"

London Express Service.

Did Russia Explode The H-Bomb?

By DAVID TEMPLE ROBERTS

THE time has come for the expression of irreverent thoughts on plans for the future dissolution of the matter of this earth. Only by irreverent thoughts can the unlightened as yet unbumbed, and unstatesmanlike multitude of humanity, arrive at any decent decisions on the future of its own world.

When an explosion of mountain-shattering dimensions was reported in the Urals last year the immediate world reaction was to presume that the United States had lost her monopoly of the use of the bomb derived from Uranium. But all reports indicate that the explosion occurring was far greater than any Uranium bomb could have caused.

Seismographs—the instruments that record earthquakes—were disturbed (though not in the way characteristic of an earthquake) over a wide area. Barometric readings of atmospheric pressure also showed a sharp "dick," at distances of two thousand miles from the sight of the explosion.

Two Facts

TWO facts are now known. The explosion was not unexpected by security agents, who were waiting to record it. In Turkey, in Cyprus, in Scandinavia, and in Persia, atmospheric meteorological soundings and tests for radioactivity were being undertaken continuously to capture the record of the explosion. All indicate that it was not the Uranium bomb, but something nearer to a hydrogen bomb that reportedly exploded.

That leaves food for thought. President Truman's decision to approve the manufacture of hydrogen bombs was probably not to regain a lead over the Soviet Union but to catch up with the Soviet Union in the manufacture of weapons of mass destruction.

Three fragments of independent evidence indicate that Soviet scientific development of atomic energy was more likely to concentrate on the lower end of the periodic table (hydrogen and helium) rather than the upper end, (uranium and plutonium). First, the Soviet Union had the benefit of all German wartime knowledge.

A Mystery

AS a Nazi development this was pushed aside by Hitler, who wanted to concentrate his scientists' efforts on the controlled rocket. But Dr. Hahn, who escaped to Sweden, has revealed that German scientists were a long way forward with the laboratory stage of work with deuterio-hydrogen, the basic element of the hydrogen bomb. (Incidentally, German scientists evaded Nazi pressure to manufacture a bomb on political grounds.)

Then Dr. Peter Kapitza, who once worked at the Rutherford low-temperature laboratory in Cambridge, is the leading Soviet scientist. His experience would lead him to the ultra-high temperature studies basic to the hydrogen bomb.

Thirdly, during the wartime alliance it was a mystery to liaison officers why Russia insisted on continuing research into atomic energy. This radiation, to be detected at high altitudes, is believed to emanate from the interior of the sun—normal heat radiation coming from the sun's relatively cooler surface. It is thus a guide to what occurs, when matter, stripped of electrons by great heat, is fused into helium.

It is no unfair presumption that the hydrogen bomb was first exploded last September by the Soviet Union.

Gaping Fallacy

WHAT effect will this have on international affairs? First it must be said that the hydrogen bomb cannot win wars, by itself. There is a gaping fallacy in American thinking on this question. Defeat of a world power cannot be achieved except by occupation. American strategists will accept this statement when thinking of their own chances of victory—they recognise the need for an armed force to conquer a vast territory.

But pathological fear of sudden defeat by unexpected atomic bombardment is rampant in the United States. It is the fear-pattern on which newspaper stories of atomic energy is thrown. In fact, the actual strategic advantage the hydrogen bomb may have—over the uranium bomb—is that, although larger and more elaborate, it may be easier to deliver to its target. This is because its power of destruction is greater, so it can be dropped from a higher altitude with less accuracy. An atomic bomb is like a bomber flying higher than the defending fighter—or radar directed shell—will be the next war development.

The Threat

THE threat of retaliation is likely to stop any power from opening a war with atomic bombardment—if the other power has similar weapons available. The original theory behind the United States' possession of the atomic monopoly was, however, that invasion by a land army—say the Red Army—could be stopped by the threat of atomic bombardment of military supply bases, sources of oil, and home land cities.

In 1945, 1946, and 1947, and perhaps the early part of 1948, the United States apparently held such a threat over the heads of Russian citizens. In that time the Soviet state gained control over the following countries and territories—Poland, Hungary, Rumania, Bulgaria, Albania and Czechoslovakia; Korea, North China and Sinkiang.

The atom bomb plant at Los Alamos did not deter attempts

strategy, political and economic. Another irreverent thought on the hydrogen bomb: the Soviet detonation of the bomb seems to have put the final and immovable lid on attempts in the West to develop atomic energy for industrial purposes. This was probably not the Russian purpose—they may, though this is not certain, have used the bomb for their own development purposes. But the series of Western reactions to the explosion has been almost as swift as the chain reactions in a bomb itself.

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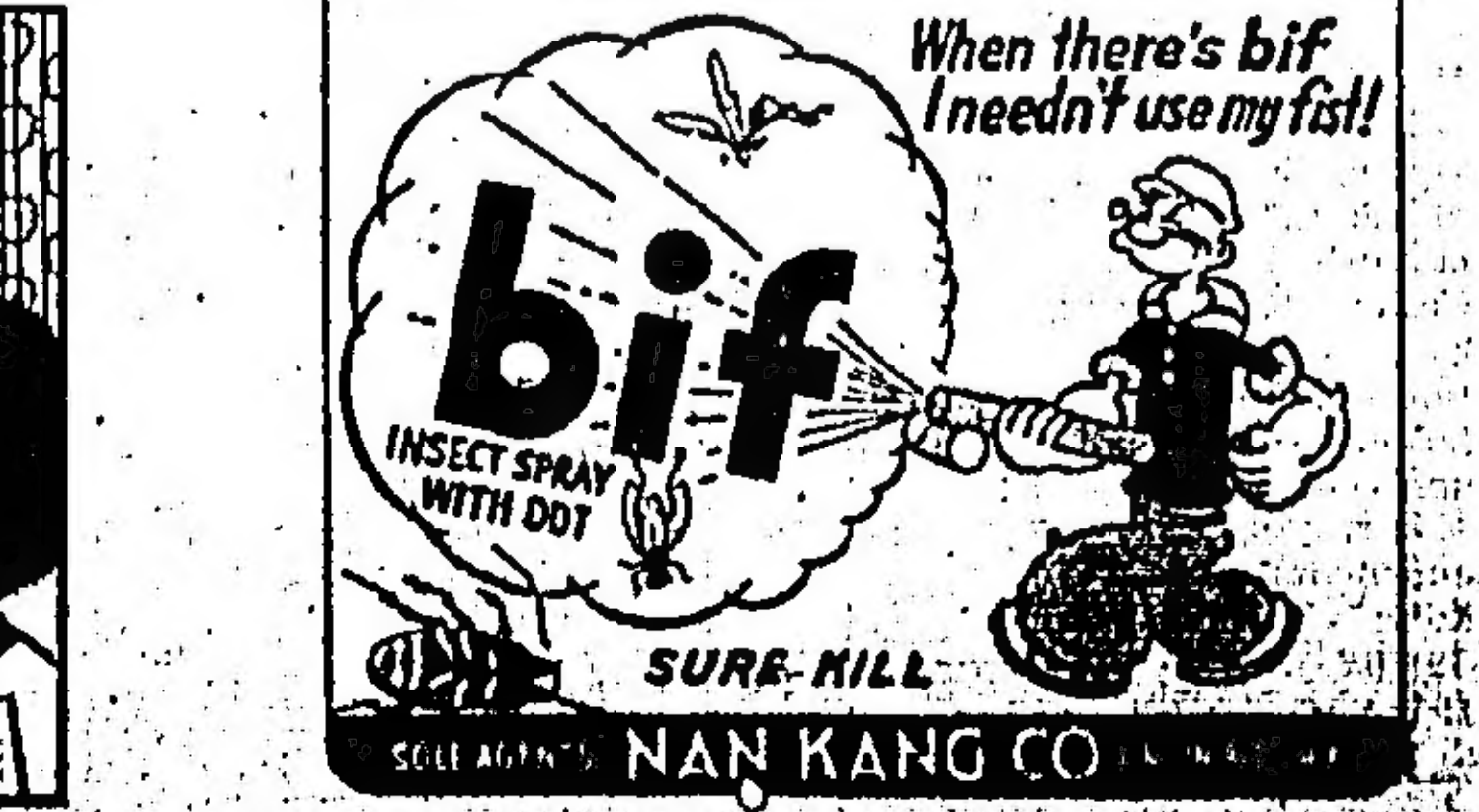
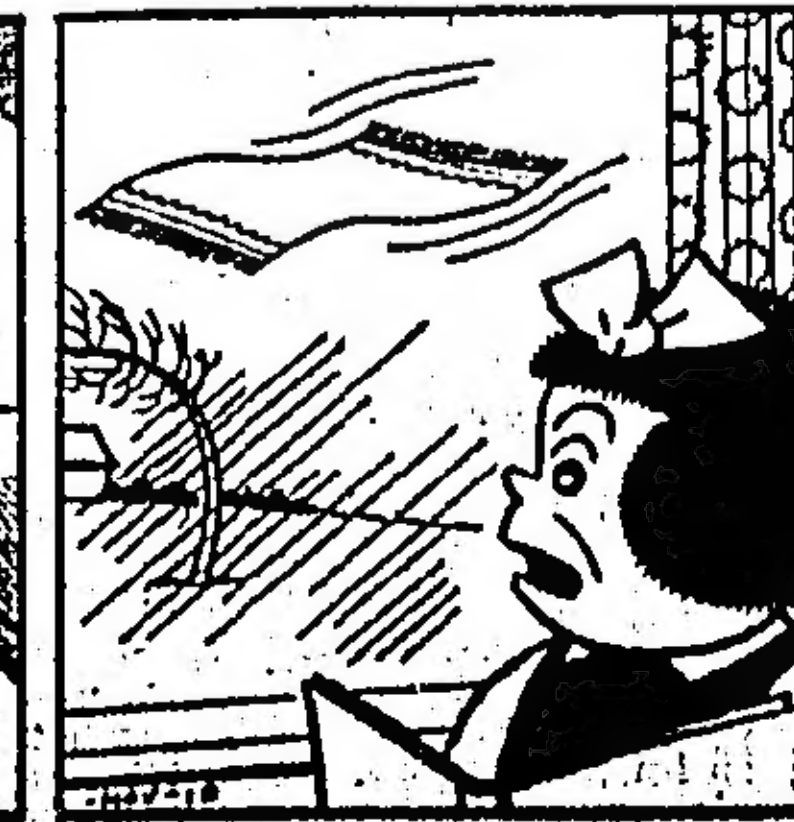
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NANCY What a Blow



SIR ARTHUR MORSE REVIEWS SITUATION

(Continued from Page 1)

and other features into which I will not go, brought about a rapid deterioration which forced the British Government to devalue the pound in terms of gold and United States dollars on September 18. Although it proved to be finally unavoidable, and had been expected by the best informed circles, the eventual decision by His Majesty's Government came as an unpleasant shock to most people in the Sterling Area, particularly because of the magnitude of the change in the rate. It achieved no permanent cure for Britain's financial problems, and being unaccompanied by any relaxation of existing restrictions on the use of sterling overseas. As a consequence the free and black markets of the world continued to quote sterling at a discount.

STRONG REACTIONS

In the East the reactions of those informed on economic matters showed, I think, a general sense of dismay that matters should have come to such a pass and the present Sterling Dollar difficulties should be "otherwise insoluble", as Sir Stafford Cripps put it. Reactions in the East were stronger than the head-shaking in the West and the financial standing of our country undoubtedly suffered a loss of prestige. For those responsible for the policy of this Bank, the financial situation in our home base throughout last year weighed almost as heavily as the problems consequent on the devaluation and uncertainty in the various countries out East.

It can be safely maintained that the new Government will continue to make every effort to ensure that the deficit in the dollar balance and the present year's deficit during the present year and the gold and dollar reserves are maintained at a safe level. At the same time the narrow majority obtained by the Labour party in the General Election will I imagine result in a slowing down of the major economic and financial programmes.

HONGKONG'S TRADE

Hongkong's foreign trade in 1949 has again for the third year in succession been a record. The figures for these three years were as follows to the nearest million dollars:

	Import	Exports
1947	1549	1217
1948	2077	1583
1949	2770	2312

In 1949 imports increased by about 32% over exports by 40% compared with 1948. The reason for this increase is obvious. The port of Shanghai has been virtually closed since last May and all the other Chinese coastal ports have been subject to restricted use for varying periods, although Tientsin did a brisk business for nine months in the year.

As a result cargoes eventually destined for China have, to a considerable extent, come to Hongkong from all over the world while some of China's export commodities which normally might have been shipped to Hongkong have filtered through to this Colony for shipment overseas.

These enhanced figures have meant a greater tonnage of ships landing and unloading in Hongkong waters and the statistics show that commercial cargo tonnages have increased about 41% over 1948; ocean and river shipping taken together amounted to nearly 24 million tons, being 36% more than 1948, while ocean tonnage alone reached nearly 20 million tons.

CODOWN CONGESTION

Such factors, but particularly the diversion to Hongkong of Shanghai cargoes, have brought about an unprecedented congestion in our local warehouses where millions of pounds worth of goods are awaiting shipment, and we fear that the situation cannot be relieved until the blockade of Shanghai and Canton has been raised and more stable conditions prevail in China. I may say that the finance of a considerable part of these immense stocks of delayed cargoes destined for China has, I believe, been covered by advances or other arrangements but there are probably substantial speculative purchases as well and the position needs careful watching.

The loss of business, inconvenience and the risks involved in the situation caused by the coastal blockade and the civil war in China are thus a serious worry to Chinese and foreign merchants but it speaks in volumes for the enterprise of traders and shippers that in spite of all handicaps the 1949 export figures from Hongkong to South, Central and North China taken together were more than double those of 1948 even excluding the greatly increased shipments to Indo China.

Imports from China to Hongkong were also considerably higher but as few ocean vessels have been able to call at Shanghai since the blockade commenced it is clear that China's total foreign trade must have been much lower in 1949 than in 1948 even though a larger proportion of the trade has come to Hongkong.

Last year I mentioned the enormous increase in the Hongkong Clearing House figures during the last few years. In 1948 the amount was equivalent to £216 millions; in 1949, the

figure increased to HK\$1,005 million, equivalent to about £207 millions, certainly an impressive figure but partly due to the financial disturbances to which I shall refer later. On the other hand it is significant that the Hongkong Stock Exchange has been in the doldrums throughout the year and business transacted in dollar figures appears to have been only half that of 1948. There has been a general fall in the quotations of shares, averaging say around 25% and as a consequence market prices show a very generous return of 8 to 10% and more on shares of some of the best companies in Hongkong. Political fears and anxieties have of course been the cause of this recession.

AIR TRAFFIC

Hongkong's air traffic returns for 1949 were swollen by events in mid summer when refugees from Shanghai used this means of escape from feared political repression. Towards the end of the year when the two leading Chinese airlines companies, defected from the Taiwan Government, many of their aircraft were grounded and at the same time traffic into China ceased and the Hongkong return traffic fell to a low level.

Nevertheless the annual figures show a record more than 25,000 aircraft in and out of Kai Tak airport and a total of over 318,000 passengers carried; but the present year will see a considerable reduction in these figures as the China traffic seems unlikely to re-open in the immediate future. As a result the traffic congestion at Kai Tak airport will be eased but it will not solve the problem of future needs and of safety for large types of aircraft. The Secretary of State for the Colonies said recently that the wheels were now going round in connection with arrangements for reconstruction of the modern airport at Deep Bay. I trust that this will be put forward as a matter of real urgency.

One of the outstanding events of the year from the point of view of this Colony was the decision made as a result of the visit in June of the Minister of Defence, to reinforce the local garrison owing to the uncertain position in China and to His Majesty's Government's "responsibility for Hongkong and the welfare of its people."

The arrival of the British troops has naturally been welcomed and great efforts have been made, and are being continued, to provide suitable amenities which were badly needed in view of the makeshift conditions under which most of the troops are living. We have every reason to be confident that these forces in connection with the help of the local police and voluntary services will maintain law and order under any circumstances.

Since last year when I spoke about proposals to enlarge the Legislative Council rather than proceed too hastily with the Municipal Council organisation, the "Hong Kong Municipal Council Ordinance 1949" has been published for general information. The proposals for the formation of the Council have also been submitted and the members of the community have had a chance to express their views. There is a divergence of opinion and a final decision must not be rushed. As Mr. Grech Jones said in Parliament on December 14 "making constitutions is not too easy or fast a procedure."

THE 1950-51 BUDGET

The Financial Secretary in introducing the Budget Estimates for March 1950 revealed that for the year 1949-50 there is a surplus of just under \$6 million but this surplus is largely due to what the Financial Secretary described as "windfalls" and to economies undertaken when the despatch of reinforcements was foreseen. Government is in a comparatively strong position but the forecast of ever increasing expenditure cannot but cause some concern. Nevertheless we must realise that if the Colony is to be properly protected we must play our full part in paying for such protection. The Financial Secretary's statement was so full that it is unnecessary for me to say more.

We have seen a number of disturbances in the financial market of the Colony during the past year. There was the order issued on April 14 (captioned at the instance of the International Monetary Fund) prohibiting transactions in, possession of and publishing information about gold, which set on foot a quite unfounded rumour that the Hongkong dollar was to be devalued in terms of sterling; this was easily scotched. In May there started a serious panic which lasted throughout the summer due mainly to fears about the effect of the political developments in China. For the first time three years the merchant rate has to be lowered until it reached the bottom peg of 1/2 13/16. The flurry lasted until the end of the year when the United States dollar was announced, after which the market settled down again to more normal conditions.

COLONY'S ENTERPRISE

I will not attempt today to cover other interesting developments in the Colony such as the expansion of electricity and gas production, the progress made by other utility concerns and the great activity of the building industry.

Some of you may think it strange that in a speech like this I should refer so fully to somewhat parochial matters, but I do so deliberately because I wish shareholders in other parts of the world and especially in the United Kingdom, to have a better conception of the way in which Hongkong is developing; thanks to British law, order and enterprise combined with the many good qualities of the Chinese population but particularly their industry in their daily work.

The Government statisticians publishes a retail price index which gives a general guide to major changes in the cost of living of the community as a whole. This shows that on the basis of the first quarter of 1949 equals 100, the December 1949 figure would be 653 but taking March 1947 as 100 the December figure would be 112. Wage rates in Hongkong have in the majority of cases risen 1939 above the cost of living index in the same period. I consider it is no longer realistic that basic salaries and wages should still follow the pre-war series in view of the considerable changes in post-war prices and standards of living.

CHINA SITUATION

I said last year that the political and economic structure of China was in a more ominous position than it had been since foreign traders had established themselves on Chinese soil. We have seen the structure collapse during the past year. We have seen armies disintegrate and currencies dissolve. We have seen resolution in process of development. The effect of this has been to make our China branches a liability whereas once they prospered exceedingly.

Shanghai is having a very difficult time and owing to lack of press messages it is not generally realised how serious the position is as a result of recent heavy air raids and the continued blockade. On humanitarian grounds alone the bombing of this crowded and undefended city should receive the urgent attention of the Powers. Representations have, I understand, been made to the United Nations as well as to London and Washington but speedy action is needed. I wish that I could say more but I am sure you will support me in expressing the deepest sympathy with our friends in Shanghai.

It is tempting to look to East Europe for guidance in regard to the possible developments in China and indeed there are a number of clear parallels between the two areas: both were primarily agricultural prior to World War II; many of their raw materials had been developed with the aid of foreign capital; the one area was drawn into Germany's orbit and the other into that of Japan. After the war, all the European countries moved a considerable way towards the material resources, their banks and their industries; indeed the latter became the focus of greater attention than hitherto.

All these countries introduced agrarian reforms and a state control of foreign trade but they all permitted, temporarily at least, some element of private enterprise and have from time to time entered into barter trade agreements with the democratic countries. It is proved of mutual benefit. However it has also been apparent that East Europe looks East for inspiration rather than West. I will not attempt to forecast whether and for how long China will follow similar plans and policies. Nationalist influences are strong. China's leaders will also be swayed by foreign policy considerations, the need for foreign trade and other desiderata, and it remains to be seen which will be the strongest but the Sino-Soviet Treaty and supplementary agreements of February 14th supply a significant pointer.

AN OPEN MIND

By recognition of China and by the establishment of diplomatic relations, we have shown that we have an open mind towards any future system that eventually emerges, there is no valid reason, so far as can at present be seen, why Britain and China should not trade on satisfactory terms. In fact last March the President of the United States said in a Parliamentary speech that the British Government "are guided in their trade relations by considerations of economic advantage and cannot make it a rule that trade agreements shall be subject to the settlement of political questions." The far-reaching implications of this statement are obvious and have, I presume, been carefully weighed.

I am deliberately refraining from any comment on the relations between Hongkong and China and it would serve no good purpose to give any views on the prospects of China's foreign trade and on the outlook for China's industrialisation, which some expect to be effected upon one source and some upon another. In fact China is as inscrutable as ever. Naturally the operations of foreign banks in China have been on a small scale and you might well ask what is the future for foreign banks in China. In reply I would refer you to the last issue of the Economic Survey of Asia and the Far East which gives a fair outline of the importance of foreign banks in the region covered by the survey. Such banks, as is well known,

specialise in foreign trade finance and provide essential services for which the indigenous banks either lack the resources or the ability and experience. It is a fact that the banking system in most countries of the East are only in the early stages of development; experience and ability take many years to acquire, while internal political and currency difficulties have in some cases hampered them.

SERVICES NEEDED

The services of foreign banks have therefore been, and for many years to come will remain (if they are permitted to operate), of much value to Eastern countries, especially in connection with the expansion of foreign trade which necessarily goes hand in hand with steps to increase the industrialisation of a country. If therefore the Eastern countries desire that trade and industrialisation shall develop rapidly and efficiently, they need for the specialised services of world-wide banks. I am glad to say that this precept has not hitherto been questioned in any country in the East—that is why we do not propose to withdraw our offices from China so long as there is some likelihood of their being able to do business.

Bondholders of the Chinese Government Railway Loans will no doubt have noted with interest the recent reports that the railway throughout China are now once again operating effectively and in most cases with capacity passenger and freight traffic although there is a shortage of equipment and rolling stock. It is to be hoped that when diplomatic relations have been fully established on a normal basis at Peking some information will be forthcoming as to the possibility of negotiations with the Central Peoples Government about China's railway debts and other financial obligations. It must be assumed that the new Government of China accept responsibility for the international treaty obligations of its predecessors including of course those financial liabilities which are properly authenticated.

PROGRESS IN JAPAN

The year 1949 has been one of marked progress in Japan and as a consequence the occupation controls have been considerably relaxed. There are still some gloomy prospects (in General MacArthur's words) forecast the emergence of political reaction and inevitable social convulsions; but there are also some grounds for optimism. So the hard-headed banker finds it difficult to steer a course which will guide his policy safely towards the future. Two contentious problems hang like a cloud over Japan. First that of the Peace Treaty with which is bound up the future status of SCAP; the occupation set up by the Supreme Commander of the Allied Powers. Secondly that of Japan's relations with China. From the political point of view, Japan is in a very awkward position. The second hinges to a large extent on the first and, while partly political, is of particular moment in connection with Japan's economic outlook. Since satisfactory trade relations with China are essential if the former's foreign trade is to develop on a well-defined pattern without further aid from America. In this connection I would note that the adverse balance of Japan's trade in 1949 was for the first time about \$350 million which is a high figure when the small volume of Japan's present trade is borne in mind. But as I have said, progress was made in 1949 and this will be demonstrated if it means the end of the highlights affecting Japan's general economy.

UNCERTAINTY REMOVED

In April a single general exchange rate was fixed at Yen 360 to one United States dollar. This removed the uncertainty which had prevailed for some time and had a good effect on the export trade. There were rumours of devaluation in the with Sterling in September but an authoritative denial by SCAP had a stabilising effect.

In May the United States Government announced that there would be no further removals from Japan. This was received with mixed feelings throughout the countries which had hoped to benefit from the Japanese Government's support of the decision on the ground that Japan could not pay her way if reparations were continued.

In the spring a policy of disinflation and austerity was inaugurated with a view to ensuring a balanced budget which was in fact effected. It was partly to radicalise the Government subsidies which are now to be further reduced. Taxation reforms were also introduced during the year and the Note Issue was stabilised so successfully that the volume outstanding at the end of 1949 was almost identical with that at the end of 1948.

Industrial production improved over 30% during 1949 and at the end of the year it was up to about 80% of the 1932-6 figure, although textile production was still only 26% of that level.

HARASSING TIME

There were also a number of important financial developments which particularly affected the foreign banks in Japan and which in one way or another proved to be more intricate than would seem likely to the uninitiated. These gave one Sir Arthur Morrison a very busy time. There was the long delayed Sterling Area Trade Agreement of November 22, the Foreign Exchange and Foreign Trade Control Law of December 1, and the discussions regarding the eventual issue of new Banking Licences, which restored the pre-war status of foreign banks effective from January 1.

The Sterling Area Trade Agreement covered the year June 30, 1949 to June 30, 1950 and the delay in the final signature until November 22 means that 12 months' work has to be squeezed into a seven months' period which has given rise to some difficulties. Since November sterling area goods have been contracted for at a more rapid rate than licences have been issued to cover purchases of Japanese goods so that there have been complications in respect of the financing arrangements, which we and the other British banks have been undertaking to an extent which, in my view, goes much beyond what commercial banks should properly be expected to do. From the British point of view the importance is to ensure that no serious imbalance arises as was the case with the first trade agreement.

The new bank licences replacing those obtained from SCAP were issued to the foreign banks by the Japanese Government on the pre-war basis and in accordance with the Japanese Banking Law of 1926. Even Japanese banks have now been designated as foreign exchange banks and these banks will, it is presumed, eventually be on a reciprocal basis.

Since the beginning of 1950 the transfer of the control of the Japanese domestic economy from the Occupation authorities has gathered still more momentum particularly in regard to the monetary procedure. It is clear that the United States Government are anxious to cut down the amount of their monetary aid with a view to allowing Japan to stand on her own financial feet as rapidly as possible.

MALAYA PICTURE

Let us now turn to Malaya where the Bank's interests are growing significantly. A very important statement was made in Parliament on April 13, 1949 when the Prime Minister replied to a question about the future of Malaya. Mr. Attlee then said:

"His Majesty's Government have no intention of relinquishing their responsibilities in Malaya until their task is completed. The purpose of our policy is simple. We are working in co-operation with the citizens of the Federation of Malaya and Singapore, to guide them to responsible self-government within the Commonwealth. We have no intention of jeopardising the security, well-being and liberty of these peoples for whom Britain has responsibilities, by a premature withdrawal."

This authoritative statement speaks for itself and there is no need to talk about time limits for the transfer of power. The eventual aim is clearly stated as "responsible self-government within the Commonwealth."

Meanwhile the most prominent Malays and Chinese are working together with the representatives of other races in a Communities Liaison Committee to study the problems of Malaya and its constitution. The present lack of understanding about and of interest in the democratic principles available to citizens has been shown in the fact that only 13,000 persons registered their names as voters in Singapore in advance to meet the franchise. The re-opening of the London Metal Exchange on November 15 was welcomed by both producers and consumers.

THE EMERGENCY

The state of emergency continued throughout the year and it is regrettable that the end is not yet in sight. We sincerely hope that the tide is about to turn and that an improvement will be seen this year. In a vigorous broadcast on January 6, Mr. Malcolm MacDonald emphasised that the terrorists in Malaya were hated throughout the country and whether they were Communists or not they were a menace to the people of Malaya. It is clear that they are bandits and criminals of the worst type and must be eliminated at the earliest possible moment without shunning of effort.

Fortunately the activity of the terrorists has not seriously affected the production of rubber, tin or any other industries but it has retarded the rehabilitation of the country and has forced the Government to pursue a policy of progressive development. However it has been officially stated that the standard of living in the Federation will not be permitted to fall and that existing welfare services will not be reduced.

The higher prices obtained for rubber and tin since the devaluation of sterling has somewhat eased the financial position of the Federation but the key element in the special expenditure on the emergency which it is feared may reach Malayan \$100 millions in the year 1950. The British Government's contribution of £3 millions will, it is hoped, be supplemented by further grant in the second half of the year.

On the other hand the financial position of the Colony of Singapore appears to be satisfactory and there has been no disturbance of law and order there. Both in Singapore and in the Federation labour conditions have been quiet and full employment has continued. Wages have been stable and the cost of living has continued on a downward trend, so far as any rate as Asiatic standards are concerned. The 3% loan of £8 millions floated at par for the Federal Government in London last May was fortunately timed for the Government, as soon afterwards an upward trend in interest rates started. The loan now stands at a considerable discount in the London market.

There is an acute need of investment capital in Malaya as in many countries and the present conditions are not conducive to rapid progress in the many development projects which the country needs.

FREE GRANT

Last May the welcome announcement was made in Parliament that in view of the increased burden which Malaya had to bear since 1949 His Majesty's Government had decided to grant a free grant of £10 millions already promised for the War Damage Compensation Scheme as well as to provide an additional £10 million of up to Malayan \$160 millions. Both legislatures have now passed the relevant Ordinances but a final settlement of claims will take a long time.

Much interest was aroused in Malaya and particularly in circles concerned with the rubber and tin industries when one of the ten points which were the subject of the official communiqué issued on September 12 at Malaya had to bear since 1949 His Majesty's Government had decided to grant a free grant of £10 millions already promised for the War Damage Compensation Scheme as well as to provide an additional £10 million of up to Malayan \$160 millions. Both legislatures have now passed the relevant Ordinances but a final settlement of claims will take a long time.

By way of contrast to the disappointing picture in North Borneo, Brunei State is in a prosperous condition thanks to the oil wells which are producing at the rate of about 9,000 metric tons a day. Royalties on oil provide the chief revenue of the Government and enable the State's finances to be in a satisfactory condition.

INDIA'S PROBLEM

A very great deal might be said about political and economic conditions in India as developments of much importance and absorbing interest are taking place in that great country, but I must leave detailed comment to others. Our direct

comment to others. Our direct interests are confined to Calcutta and Bombay where I am glad to say our offices are steadily progressing. India's main problem is that of her relations with Pakistan; next perhaps is that of producing more food as a necessary result of the need for a favourable external balance of payments and the attraction of foreign capital. The first of these problems is unfortunately still not on the way to solution and military expenditures are as a result being maintained at a high level. But top priority is being given to the production of good grains within the country. Steps have also been taken to restrict imports while the devaluation of the rupee in line with the pound sterling gave a considerable fillip to exports. Satisfactory development of trade has been effected as a result of bilateral trade and barter agreements with other countries, in which respect India has been particularly active. Several important statements welcoming the importation of foreign capital and giving assurances as to the treatment have been issued both by the Minister of Finance and by Pandit Nehru; as a result a number of British manufacturing concerns are taking steps to establish factories in India. Moreover, the International Bank has during the year granted some timely loans to India for railway and agricultural development. All things considered there would be good grounds for optimism were it not for the Pakistan dispute.

considerably increased but progress is not likely to be rapid. The foreign trade of Malaya in 1949 showed an adverse balance of a little over Malayan \$162 millions as compared with \$61 millions in 1948. However in December there was an export surplus of some \$34 millions and the higher price of rubber added to the strict control over imports of hard currency goods should bring about an improvement in the balance of trade in 1950. Malaya is able to pride herself on the fact that in 1949 she earned more United States dollars for the Commonwealth than the United Kingdom did and the same situation probably existed in 1949.

TIN PRODUCTION

Tin production in Malaya again showed a considerable improvement during the year and reached 55,440 tons—a 24% increase over 1948 which in turn was 69% above 1947. Malaya produces over one third of the world production and fears are being expressed lest the growing excess production over commercial consumption may have serious repercussions if steps are not taken in advance to meet the demand. The re-opening of the London Metal Exchange on November 15 was welcomed by both producers and consumers.

The importance of expanding Malaya's secondary industries has repeatedly been emphasised and it is satisfactory to note that progress was made last year in the production of vegetable oils. Rice production remains at only 35% of the consumption needs but the Government has been successful in increasing the ration and to reduce the price during the year. By means of improved irrigation the production of rice can be

Radio Hongkong
I.K.T. "Hong Kong Calling"—Programme Summary: 8.05, Children's Hour (Relay); 8.15, "Children's Hour" (Relay); 8.30, Cantonese by Radio (Given by Miss Lee Wai Lan and Mr. S. L. 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